Statement Regarding Federally Sponsored Research or Development

This invention was supported in part by funds from the U.S. Government (National Institutes of Health Grant No. AR44210) and the U.S. Government may therefore have certain rights in the invention. --

In the Claims:

Please amend claims 37, 38, and 56-58, and 65-68, without prejudice, as follows:

37. (Twice amended) Immunologically isolated stromal cells that comprise a gene construct, said gene construct comprising a nucleotide sequence that encodes a beneficial protein, wherein said gene construct is operably linked to regulatory elements which function in said immunologically isolated stromal cells.

38. (Amended) The immunologically isolated stromal cells of claim 37, wherein said immunologically isolated stromal cells are microencapsulated.

56. (Amended) The immunologically isolated stromal cells of claim 37, wherein said beneficial protein is selected from the group consisting of a type II procollagen, a type II collagen, a cystic fibrosis protein, a human growth hormone, an [obesity factor] Obesity protein, and a human Factor VIII.

57. (Amended) The immunologically isolated stromal cells of claim 37, wherein said gene construct is transfected into said immunologically isolated stromal cells using a method selected from the group consisting of calcium phosphate precipitation transfection, DEAE dextran transfection, electroporation, microinjection, liposome-mediated transfer, chemical-mediated transfer, ligand-mediated transfer, and recombinant viral vector transfer.

58. (Amended) The immunologically isolated stromal cells of claim 37, wherein said immunologically isolated stromal cells are matched donor stromal cells.

65. (Amended) The immunologically isolated stromal cells of claim 37, wherein said immunologically isolated stromal cells are cultured for at least about one hour.